Marketing of Oil Products through Reliance and Essar

409 SHRI AMAR SINGH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have taken any decision on the proposal to allow Reliance and Essar to tie up with Indian Oil Corporation for marketing the products from their proposed refineries;

(b) if so, what are the details thereof; and

(c) if not, by when a decision is proposed to be taken in this regard?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI JANESHWAR MISHRA): (a) to (c) The terms and conditions of the proposed agreements of the Indian Oil Corporation Ltd. with Reliance Petroleum Ltd. and Essar Oil Ltd. for marketing the petroleum products from their proposed refineries are under consideration of the Government.

Subsidy on High Speed Oil

410 SHRI PARMESHWAR KUMAR AGARWALLA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) what has been the rationale objective of giving subsidy on High Speed Diesel Oil (HSDO);

(b) what has been the total subsidy on HSDO during each of the last five years;

(c) to what extent increase in subsidy on HSDO is accounted for by passenger cars;

(d) to what extent the objective of providing subsidy; on HSDO is being fulfilled; particularly keeping in view the increasing number of diesel cars; and

(e) whether any policy to prevent diversion of subsidised HSDO for passenger cars; if so, the details thereof and if not why?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI JANESHWAR MISHRA): (a) to (e) Price of Diesel is fixed by Government under the APM taking into account various factors like production cost, taxes and duties and the need to balance oil pool accounts. Based on a study of December 1991, HSD consumption for car/taxi/jeep is about 6.8% of the total HSD consumption in the country. Details regarding consumption by various types of vehicles is not maintained. However, the full demand of HSD is being met through retail outlets. The estimated subsidy on HSD during each of the last five year is given below.

Year	Rs./Crores
1992-93	120
1993-94	575
1994-95	430
1995-96	2180
1996-97	8340

LPG botling plants

411. SHRI BHAGABAN MAJHI: Will the Minister of PETORLEUM & NATURAL GAS be pleased to state:

(a) the number of LPG bottling plants in the country and their locations;

(b) whether Government have any proposal to set up a LPG botling plant in Orissa; and

(c) if so, the steps taken in that direction?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI JANESHWAR MISHRA): (a) At present, there are 91 LPG bottling plants with a total bottling capacity of 3457 TMTPA operating in the country.

(b) and (c) Currently the following three LPG bottling plants are operating in the State of Orissa:

Location	*Capacity (TMTPA)*
Bala sore	44
Khurda	10
Khurda Road	44

To meet the future demand in the state of Orissa, it is planned to set up the following LPG bottling plants under IX Plan Proposals:

Location	*Capacity (TMTPA)*
Rourkela	22
Haldiagada	5

Losses due to outdated methods of purchasing Oil/Petroleum Products

412. DR. Y. LAKSHMI PRASAD: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government have lost $ 1 billion over the last 10 years as a result of outdated methods of pruchasing Oil/Petroleum products;

(b) whether these outdated methods have been identified and if so, the details thereof; and

(c) the steps being taken to streamline the purchasing methods?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI JANESHWAR MISHRA): (a) Major quantity of oil imports are made through term contracts directly with the national oil companies of the oil producing countries having exportable surplus at their official selling prices. Only the balance quantities are purchased through international tenders from refistered parties based on economic/commercial considerations on competitive basis. All imports are being made on variable market related prices prevailing at the time of loading of the respective cargo. Since all pruchase are made at market related prices, the question of loss does not arise.

(b) and (c) In view of the complexities and chanaging pattern of oil traders in the interantional market, it has been decided to review the existing purchase system through a reputed international consultant so as to ensure that the best pruchase practices followed in the international market are adopted by IOC. M/s, Arthur Anderson have been appointed as consultant for this purpose by IOC to review existing system of pruchase etc. and make recommendations based on practices generally followed in the Oil Inudstry, so as to upgrade the system to international standards.

Status of Oil Pool Account

413. SHRI S.M. KRISHNA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) what is meant by Oil Pool Account and what are the components thereof;

(b) how the Oil Pool Account is mentioned and when such account was created;

(c) the details of amount available in the account during the last three years, year-wise;

(d) the amount collected from excise and customs duties from different oil companies, company-wise during the last three years, years-wise; and

(e) whether such collection has any effect on the deficit in Oil Pool Account; if so, to what extent?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI JANESHWAR MISHRA): (a) and (b) The existing Oil Pool Account Mechanism and pricing of petroleum products is based on the recommnedations of the Oil Prices Committee, 1976 (OPC) as amended by the Oil Cost Review Committee, 1984 (OCRC). The pool accounts are maintained to provide uniform and stable prices to the consumers within the country and reasonable retention margin for the oil companies. The adjustments are made under the following main heads;

— Crude Oil Price Equalisation Account

— Cost & Freight Adjustment Account

— Freight Surcharge Pool Account

— Product Price Adjustment Account.

The oil pool account are expected to be self-balancing.